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Deputy Director Frank Carlucci

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DEPUTY DIRECTOR FRANK CARLUCCI: Thank you very much, Cliff.

It's a great pleasure for my wife and I to be with you today. It really is fun at seeing such a good turnout from the class of 1952. I just don't know why you fellows look so much older.

[Laughter.]

Now the intelligence professionals, of which I am not one, tell a story about the chap stranded on a desert island. And a helicopter flew over. The pilot came down overhead, came out and shouted to them "You're lost." With that he went back up and veered over the horizon. And one chap turned to the other and said "That pilot was an intelligence officer." The second one said "Well, how did you know?" He said "First of all, because his information was dead on. And secondly, because it was totally useless."

[Laughter.]

It's a grand old story, though, that illustrates the three characteristics of good intelligence. First of all, you have to define what it is you're looking for. Secondly, you have to be accurate. And thirdly, you have to be relevant.

And I dare say that a series of recent events around the world have come to demonstrate to the American public, and perhaps more than ever since World War II, the relevance of the intelligence function. Iran shows how crippling events in other countries impact on our own lives. Nicaragua, Grenada showed us once again that hostile ideologies can move closer to our own shores. And the SALT debate and the recent flap

over the Soviet brigade in Cuba has stimulated a whole new debate on intelligence. And we welcome that. Much of the debate, in this case, is over how you go about finding something, whether strategic missiles, intercontinental missiles in the Soviet Union, or a brigade in Cuba. And our ability to detect and to monitor is really a function of three factors, none of which is terribly esoteric.

First of all, the resources that we have at our command. And our resources, like the resources of any of you, are limited. We do not blanket the world; we cannot blanket the world. I can't talk about budgets. I can say that, generally, the figures you read about of budgets of the intelligence organizations are exaggerated figures.

Secondly, it's a function of your focus. You don't usually find something if you aren't looking for it. And quite frankly over the years, the intelligence community really wasn't looking that closely for a separate organizational entity in Cuba, a separate Soviet organizational entity in Cuba. We were focusing on other issues, other topics.

Thirdly, it's a function of your capability to collect and analyze the information. Let me stress the word "analyze," because the public perception of the intelligence business is we run around the world with cameras, and Lord knows what else, collecting information, and off that information goes to the head users to try and make decisions.

The fact is that we receive millions of pieces of information from public and clandestine sources, much of it true, much of it rumor, most of it fragmentary. And a job equally as tough as collecting it is analyzing it, trying to sort out fact from fiction, and trying to put together in a coherent whole so that our policy-makers aren't misled, so that they're not too quick off the mark.

And the CIA really doesn't resemble all that traditional a spy factor that you hear about as much as it does a small university: a lot of people with advanced degrees, analytical skills, ranging from agricultural economists to engineers looking at missile systems, to political scientists, experts on narcotics and terror poring over the information.

As far as the collection is concerned, once again the stereotype is that we have all these wonderful technical systems. And indeed we do. We have some very impressive systems. They have [words unintelligible]. That type of satellite can only tell you what is happening in a moment or what may have happened yesterday. It can't really tell you somebody's intentions and opinions, which are the most

valued of all intelligence. Nor can they tell you things like the organizational structure of Soviets in Cuba. We've known that there've been Soviets in Cuba for a long time. The question was: how were they organized? Was there a separate, identifiable brigade in Cuba? So it's not the question of telling the Soviets from Cubans, but distinguishing between Soviets. And all the things in the world won't help you learn much in that kind of endeavor.

The fact is that despite the technical systems, we are going to continue to need what the trade calls human intelligence -- espionage, the good old spy. And I'd like to devote the rest of my remarks to talking about the spy business. But let me start off by trying to make an analogy.

Many of you are in business. If you need a product, you look for somebody who can supply it to you. You're going to cultivate that person. And finally when you decide that purchase can be tricky, you enter into a contract. We don't do much else. We look for people who would supply information. That's our product. And when we find them and cultivate them, we enter into a contract with them. Now there are some unique aspects to contracts. One is that a lot of them come to us not so much out of the profit motive, but for ideological reasons. Sure, there's money involved. But you would be surprised at how many people say "I'm not terribly interested in the money. Please put it away for me in case I ever have to flee my country."

The second aspect of that relationship is that we go after people who are not normally in touch with other Americans overseas. Indeed, they would be burned if they were in touch with many of our embassy people.

The third characteristic is that, at times, what they engage in does break the laws of other countries; not -- and I stress that point -- [word unintelligible] do not break the laws of our country. That's the nature of the business: sometimes the laws of other nations are broken.

And finally because of all of these unique characteristics, there is a fourth and very important aspect of intelligence. And that is confidentiality. Nobody overseas is going to give you information, put their life in your hands, in many cases, if they think the information they give out is going to be traced back to them. And you would be surprised at what a good counterintelligence officer can do. With just one sentence out of your newspaper and a little work, he can trace that information back to the source. And, yes, it has happened. We've had to drop agents. Indeed, we don't even know what's happened. That's the trouble, and

that occurs.

This is a very serious problem as far as intelligence organizations are concerned. Speaking quite frankly to you, around the world we are known as a government that can't keep a secret any more. And this impacts heavily on our ability to collect information.

Now there're several aspects of this problem. One is that the information we receive is just spread too widely throughout the federal government, both in the executive branch and on the Hill. It's axiomatic that the more people who have access to a given piece of information, the more likely it is to leak.

The third, quite honestly, is the climate that exists in our country and in Washington today. The term "national security," for understandable reasons, has become a somewhat discredited term. We're in the era of the whistle-blower, the investigative reporter, and they have their rights. So, too, does national security. And we need to put some currency back in that word if we're going to be able to continue to gather information our policy-makers need.

The third aspect of the problem is what I call the structural aspect. Let's start with the laws. There are some thirty laws on the books which make it a crime to give out certain types of information, certain types of commercial information from the Department of Commerce, tax information, commodity futures. But there is no such law making it a crime to give out national security information. The only law that exists is the antequated 1918 Espionage Law, under which you've got to prove intent. And those of you who are lawyers and followed the Ellsberg case know how difficult that is to prove.

The result of this is that we can have a former CIA employee named Philip Agee, who, in my book, is just a plain traitor, coming out [words unintelligible], deliberately publishing the names of CIA people and the names of CIA agents. Indeed, he does it with such impunity that he and his colleagues publish a monthly bulletin on DuPont Circle in Washington dedicated solely to exposing CIA people overseas. Now a CIA man exposed overseas is a CIA man rendered inoperative. Nobody wants to give information to somebody whose name is on the front page of the newspaper, to say nothing of the very real threat this represents in some countries. And you're all aware of what happened to one of our people in Athens not so long ago.

There are other problems. We've heard a lot about former CIA employees who write books. And "Are we engaged in censorship?" The answer is no. But we don't think it's

appropriate for someone to gain access to national security information while working for the CIA and come out and profit by that information to the detriment of our country. So we enter into a civil contract and say "If you're going to write a book, show it to us." We'll ask them to take out classified portions. In a couple of cases, the most famous of which was Frank Snepp, they haven't done that. And we have taken them to court, and the judge has upheld our side of the case. The issue is very simple. Should each individual employee determine what is classified information, or should the organization make that determination? So far the courts have said it should be the organization.

Another structural problem is the application of the Freedom of Information Act to an intelligence organization. Now we think that the Freedom of Information Act should be applicable to certain parts of our organization; first person requests, for example. But as applied to the operational information we gather, it is almost a contradiction in terms. We gather that information on the basis of confidentiality and not for the purpose of turning it over to the general public. It's for the purpose of analyzing it and producing finished reports. When we can declassify them and make them available, we do.

But as an organization, we receive about 4,000 Freedom of Information requests a year. Each request costs about $800.00 to process. Many of them are form letters. Some of them are from children. A substantial number of them are from foreigners. We cannot go beyond the request and find out who is making it. Including one we got the other day from the Polish Embassy. Indeed, as I understand the law, if the head of the Soviet secret police were to write us and ask for information, we would be required to respond within ten days or be in violation of the law.

Well, you may say, fine, but what assurances do we have that the abuses of the past will not reoccur? And that's a fair enough question. Oh, I can debate who was responsible for those abuses. People more acquainted with it than I, such as Senator Inouye, have stated very categorically that most of the abuses originated at the policy level and not with the agency. But there is a public perception we have to deal with. And I do think there needs to be checks and balances our our intelligence organizations.

Shortly after he got into office, President Carter issued an executive order, which has the force of law, laying out guidelines for our intelligence agencies, what we can and cannot do. We've made internal efforts to strengthen our inspection function, our audit function, and to encourage our employees to report any wrongdoing. The President's established

an Intelligence Oversight Board consisting of three distinguished Americans -- Washington lawyer Tom Farmer, former Senator Albert Gore, and former Pennsylvania Governor Bill Scranton. Anybody in the intelligence community or anywhere else can report what they think is a wrongdoing directly to that board without saying anything to us, and the board reports only to the President.

Finally, there is congressional oversight. We have two select committees, a Senate and House committee, who are doing a very responsible job. They are security conscious, and they go into our activities in great detail. We don't always agree with them, but we respect them. And we have confidence in them, and we think that their confidence in us is growing.

Before I end, let me make a comment about the subject of covert action, because that's one that has aroused a great deal of emotion around the country. Covert action can be defined as attempting to influence events in another country clandestinely. Now, the critics of covert action say they have no objection to trying to influence events in other countries. And they also recognize that some intelligence activities have to be clandestine. But they say it's when you put the two things together, it's bad. Frankly, I don't understand the logic of that. And I find that when they criticize covert action, they don't like the policy, whether it turns out to be Chile or Angola, whatever it may be, and try to get at the policy by doing away with the instrument of that policy. It's akin to saying we ought to do away with the U. S. army because we didn't like the landing in the Dominican Republic.

The fact is that after deliberation, the President and the Congress have agreed this country ought to have a covert action capability. But the way it's now functioning, it is virtually an optical illusion, because to engage in a covert action activity, we have to have a presidential finding and brief seven committees of Congress. That's 140 congressmen, to say nothing of staff. Any one of them can put an end to that covert action activity, by definition, by simply going public. And we find ourselves in some silly situations too. Understand, the definition of covert action is something that is not strictly intelligence gathering. So the other day -- well, some time by now -- during the Moro kidnaping, the Italians asked for assistance. So they said "Can you send a psychiatrist?" I said sure. Before I could put him on an airplane, the lawyer came in and said, no, you can't do that without a presidential finding -- the President was in Brazil at the time -- and briefing the seven committees of Congress. And so I called the State Department. I said "Do you have a psychiatrist?" They said, yes. I said "Will you please send him to Rome."

We clearly have to look, re-examine this kind of structural constraint on our intelligence organizations. Not that we shouldn't make it very specific where the responsibility is for the decision. Fine. Not that we shouldn't brief the Congress. I think they ought to be informed. But not in such numbers as to make it impossible to carry out an operation.

I'm sometimes asked "Well, how do we stand vis-a-vis the adversary?" It's hard to tell. They don't put out as much information as we do. My own guess is that they put a lot more resources into the intelligence business than we do. We know they have more people. We think we're ahead on the technical side. And we think we're ahead on the analytical side. Indeed, part of the business of intelligence is conveying bad news to the policy-maker. We don't have any problem of conveying bad news to President Carter, but I'd sure hate to convey it to Brezhnev.

From time to time we hear that our intelligence capability has been dismantled. That's just nonsense. We have the capability to [words unintelligible], and it is indeed relevant. We are an effective organization. There are some worrisome trends. There are problems that this country is going to have to address if we're going to continue to get effective intelligence. And we have to address them in a thoughtful way.

I sometimes find that mindless support from the right is as bad as mindless attacks from the left. We need really to get the emotions out, out of the intelligence business. We need to decide what it is we want, put our mind to it and go ahead with a sensible program that provides the checks and balances, but enhances rather than inhibits our ability to collect information.

I, for one, am confident we're moving in that direction, that we, as a country, can do this and that we will continue to have what I consider to be the finest intelligence organization in the world.

Thank you.

[Applause]

CHAIR: Frank has graciously consented to answer some questions from the floor. We have a limited time period. Does anyone have a question? Peter?

Q: Could you summarize the President's legislative

program with respect to the CIA and tell us about what that is in the congressional system?

DEPUTY DIRECTOR CARLUCCI: The basic piece of legislation that we are seeking is what is called the charter legislation for the intelligence community. That is, authorization for us to operate and a series of technical -- or guidelines on how we conduct our activities.

The administration has produced the kind of bill it thinks is appropriate. We're in the process of negotiating the legislation with the committees right now. I frankly doubt that it'll get to hearings this year, although the Senate committee thinks that they may be able to later on.

We are also -- we're also seeking legislation to deal with the Philip Agee kind of problem. We call it ethics legislation. Very difficult area, because any legislation that stops Philip Agee runs the risk of infringing on the First Amendment.

So we've been working very closely with the Department of Justice to avoid that and with the committees. I think that we're near a solution, and I hope we can get some legislation on the Hill very soon.

Finally, we are seeking a limited exemption under the Freedom of Information Act. We would not exempt ourselves from Freedom of Information requests with regards to the finished product or as regards first person requests. But we would have an exemption for our sensitive files that contain sources and methods' information.

I've testified twice on that already and have a third hearing scheduled right now before the Government Operations Committee.

Yes?

Q: Is there any dispute in Congress about that type of information....?

DEPUTY DIRECTOR CARLUCCI: No, there's no much dispute over the principle. There was a lot of dispute over how they wanted to do it. And of course, no one wants to cut off information to himself or his committee. And then when you want to take on the Agee problem, as I just mentioned, you're right over to First Amendment rights. And taking on the Freedom of Information Act is attacking motherhood, and very few congressmen want to lead the charge on the floor on that one. And cutting down -- the other thing we'd like to do, that I forgot to mention, is cut down on the number of committees that

we report to. Obviously, that's one of the most difficult issues on the Hill. You go to the leadership, you go to everybody on the Hill, and they'll say "Yes, you're right; we've got to cut down on the number of committees, but not the committee I'm on." So we've got a certain built-in inertia.

Way in the back here.

Q: [Question inaudible.]

DEPUTY DIRECTOR CARLUCCI: Well, they have information that I don't have. And if they do, I wish they'd give it to us. We have no evidence. In fact, I'd be very foolish, indeed, to stand up here and guarantee that we don't have enemy agents in the CIA. We just had a case here in Chicago. That man is going to appeal right now. Kampiles, the former CIA employee, obviously did it and was convicted for it; convicted for passing information along to the Soviets. As a result of the Kampiles case, we have taken some steps to tighten up our security. I'm quite frank to admit that there were some lapses there. It's very hard in an organization where everything is very secret to cut off access to information. But we try to keep our information flow on a need-to-know basis. And we extensive use of the polygraph, a subject not without some controversy. We're the only federal agency that does it. But we think, in our case, it's justified.

I think if there were a mole in the CIA over a protracted period that we would have turned up some indication by now. But I can't give you any guarantees. And all I can say is if anybody has any information....

[Laughter.]

Q: A follow-up. What....[rest of question largely inaudible, but dealing with the Paisley matter.]

DEPUTY DIRECTOR CARLUCCI: I think that's nonsense and highly irresponsible. The FBI conducted a thorough investigation of the Paisley case, and they have said it was suicide. The Maryland Police had ruled it a suicide. And I think the way this story has been exploited in a sensationalist way is act of great irresponsibility.

Q: Do you see your agency or any of the agencies in the so-called intelligence community, including perhaps the FBI, having any legitimate function in respect to U. S. citizens in the United States or domestic organizations?

DEPUTY DIRECTOR CARLUCCI: That's an issue that will certain arise in the context of the charter legislation.

That's a key issue.

We think we have a limited function. We certainly have no reason to target on Americans in the United States. That is strictly an FBI responsibility; we don't do it; we don't want to do it.

We have to conduct security investigations on potential employees. We also collect information from Americans who want to give it to us on a voluntary basis. We have in cities around the country CIA people, particularly on an open basis. We have them here in Chicago. They call you up and say "Look, you've been to such and such a country. If you have such and such a bit of information, would you like to give it to us?" And they can say yes or no, perfectly at liberty.

Other than that....

[End of Side I.]

Q: Would you comment on the CIA's ability to monitor potential Soviet compliance with the SALT treaty?

DEPUTY DIRECTOR CARLUCCI: I can't comment on that in detail because it obviously gets into sensitive sources and methods, and I would be betraying the great principle that I am espousing today.

But let me just make one point. Our responsibility in the SALT treaty, as we saw it, was to discuss the monitoring role as opposed to verification. Verification, we thought, was a political subject, because it entails our capability to respond, our ability to take things to the [word unintelligible] for resolution.

We testified on our monitoring capability in closed session before the Senate panel. We said here's how well we can do. We have this confidence that we can monitor this kind of activity, that confidence that we can monitor some other kind of activity. I wouldn't want to reach any conclusion, but I would simply note that the issue of verification was widely discussed and debated a month or two ago, and it is no longer the central issue in the SALT debate.

Way in the back.

Q: You said that any good counterintelligence officer can find out things fairly easily. Do you know of any secret distributed by Agee that wasn't well known to the adversary, in

the East-West context? Did they learn anything from him?

DEPUTY DIRECTOR CARLUCCI: I would judge that he would be able to provide them with a certain amount of information that they didn't have. But the question really is not so much the adversary, and by that I assume you mean the Soviet Union. The question is the effectiveness of our people in a given country. And even though the Soviets may know that so and so is a CIA man, he is not rendered inoperable by that knowledge. But if the people of the country know that, if they read it on the pages of the newspaper, it's very difficult for me to enter into that contractual relationship with the agents that I spoke of.

So he -- but I'm sure also the techniques he has used, which he learned at the CIA and discusses quite openly, have helped move the Soviets along in their capability.

Q: [Question inaudible.]

DEPUTY DIRECTOR CARLUCCI: Well, maybe it's the resurgence of patriotism. I don't know what. But that's one area where we don't seem to have a problem.

You've all seen the big fuss the press has made with the -- about our recruitment ad in the New York Times. Well, the response with that one ad: we had some 3,800 inquiries. We get about 15,000 applications a year. Our recruitments are up; our recruitment applications are up about 25% this year over last year.

In fiscal year 1978, for example, 37% of our people coming in had master's degrees compared with 25% for the fiscal year 1977. So that's up; I'll grant you that. And I can only attribute it to dedication.

Q: [Inaudible.]

DEPUTY DIRECTOR CARLUCCI: It could be.

I'm afraid I'm going to have to cut it off. Thank you very much.

[Applause.]